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PROBLEMS OF THE SOCIALIST INDUSTRIALIZATION OF CHINA

[Comment: This report presents information on the problems and tasks of the socialist industrialization of China, taken from a report by Hsueh Mu-ch'iao, member of the State Planning Committee of the People's Republic of China. The report was published in *Pravda*, Moscow daily, 22 June 1954.]

After the founding of the People's Republic of China, the Chinese revolution entered a new stage in its history. The political tasks in this stage are expressed in the decisions made by the Second Plenum of the State Planning Committee during its seventh session (March 1949). These tasks are to "transform China from an agrarian country into an industrial state, and from a government of the new democracy into a socialist government."

In 1953, Comrade Mao Tse-tung pointed out that "the period from the founding of the People's Republic of China to its transformation into a socialist state is one of transition. The General Line and the central tasks of the party during this period of transition consist of creating an industrial state throughout a considerable length of time by gradually effecting the socialist transformation of agriculture, handicrafts, private trade, and private industry. This General Line is the guide for all our work. Conducting any business contrary to the General Line is a rightist or leftist deviation."

Contemporary political and economic conditions in China favor the creation of socialist industrialization. The democratic dictatorship of the people, led by the working class, is firmly established. Administrative power already controls the field of economics. The socialist sector of our economy is expanding progressively, and its leadership in our national economy is being strengthened. Correct leadership is provided by the Communist Party and is strongly supported by the peoples of the world, especially the workers. We have another very favorable condition, namely, the tremendous and disinterested aid of our great ally, the Soviet Union, the first socialist state in the world. We are also greatly aided by the People's Democracies. The great experience of the Soviet Union in socialist industrialization is a source of inspiration to the people of China.

We are convinced that we shall carry out the difficult task of creating our own heavy industry. However, we realize the many difficulties involved and that it will take a long time to accomplish it by degrees.

Our country is backward in industrial matters. Although industrial production has doubled since the liberation, it is still behind that of the Soviet Union at the time of its beginning. In 1952, the level of industrial production in China was 28 percent of the combined level of industrial and agricultural production, but in 1953 it rose to approximately 31 percent. Heavy industry was notably behind. At the time of the liberation, China was behind in metallurgy and machine construction as the result of the war. During the following 4 years, heavy industry progressed more rapidly than light industry, and has now not only been restored but is noticeably above prewar levels. However, heavy industry is still unable to meet the needs of industrial construction in China for machines and other equipment.

Consequently, the basic stress of the Five-Year Plan is on heavy industry, especially machine construction. Enormous resources and skilled technical cadres are indispensable for this work. It is impossible to accumulate the resources needed by heavy industry at the expense of the small farmers who form the major part of the economy of China. It is also impossible to accumulate these resources at the expense of private industry and trade, which play a

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considerable role in our economy. The most important source for economic construction is the administrative sector of the economy, which is socialist in nature. Although this sector plays a small part in the total national economy, the most important income is derived from it. We are obliged, as the Soviet Union was, to establish a very strict economic regime in order to accumulate the resources needed to create socialist industry.

Through the persistent research and disinterested aid of the Soviet Union, we can remove these difficulties with dispatch. The Soviet Union is aiding China in planning its important industrial objectives, and is also providing the important machines and equipment for all large-scale industrial construction mentioned in the First Five-Year Plan. Skilled Soviet specialists are planning factories and adapting new methods to production. The Soviet Union is also training native technical cadres of engineers and skilled laborers.

Two economic agreements between the People's Republic of China and the Soviet Union, in 1950 and 1953, are of decisive importance for the creation of socialist industrialization. According to these agreements, the Soviet Union will aid China in the construction and reconstruction of 141 large-scale enterprises, among which are many electric power plants, coal mines, oil-refining plants, metallurgical combines, and factories producing machines, chemicals, automobiles, and tractors. These enterprises will be put into operation from 1953 to 1959. When these undertakings are completed, China's production will reach the level of industrial production attained by the Soviet Union in 1932. Then China will be able to manufacture machines and equipment needed in industrial construction, transportation, and agriculture, and will be able to establish a solid base for further industrialization. Thus in a few years China can be transformed into a prosperous industrial nation.

The main task in the socialist industrialization of China is the mobilization of the entire party and all the people in fulfilling the heavy industry program, especially in speeding up the completion of the 141 construction enterprises. Obviously such action does not mean neglecting the output of work in existing factories. Moreover, we should not overlook the development of light industry, agriculture, and other economic and cultural areas. The 141 projects will not be completely ready for exploitation until 1959. Therefore, the growth of industrial production as outlined in the First Five-Year Plan must rely mainly on existing enterprises.

The volume of industrial production in 1957 will be more than double that of 1952; 70 percent will be produced by existing factories. These factories must not only meet the needs of the people, but also provide the resources needed to construct new enterprises, prepare groups of specialists and skilled workers, and also provide new enterprises with building materials and equipment.

In addition to concentrating on heavy industry, we must also focus attention on light industry and agriculture to meet the daily needs of the people, including their material and cultural needs. Within the framework of the First Five-Year Plan, more than 85 percent of our capital investment will be for heavy industry. Hence we must pay particular attention to the daily needs of the people. Our government is directing much of its energy to developing production of consumer goods. Its policy is to direct private industry to satisfy the needs of the people, and to inaugurate the gradual transformation into socialist industry by means of state capitalism. In addition, we are stressing the full utilization of private industry, and with its cooperation we are directing its socialist transformation.

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The development of agricultural production is also important for the establishment of socialist industrialization. Although, since the liberation, agricultural production has increased nearly 50 percent, it is still ~~behind~~ the growth of industrial production. The existence of small farmers is an obstacle to the further development of productive power in agriculture. If agricultural production is unable to meet the basic needs for food and raw materials, it impedes the improvement of industry and the standard of living. Therefore, in order to create socialist industrialization it is necessary to increase agricultural production. The most important means for increasing agriculture are the mutual aid teams and cooperatives, the activities of which will gradually lead to the socialist transformation of agriculture.

For the creation of socialist industry it is further necessary to develop communications and transportation, particularly railway construction, in order to unite the rest of China with the Northwest and the Southwest, both of which are rich in natural resources. At the same time, new industrial bases can be set up in the Northwest and the Southwest. It is also necessary to develop state and cooperative trade, organize official bodies to improve production of consumer goods, and stabilize the market. Further, culture and education must be improved in order to provide technical cadres with various specialties and to raise the standard of living. To carry out successfully the First Five-Year Plan, planning techniques for the national economy must be improved, and the standard of leadership in all fields of the national economy must be raised.

Socialist industrialization and socialist transformation in China are the tasks of the people. The fulfillment of these tasks requires a changed economic outlook toward planning techniques, in order to make China prosperous and increase the power of the camp of peace, democracy, and socialism under the leadership of the Soviet Union. Hostile classes use all means to block socialist construction. Foreign imperialists cannot tolerate our successes and will do all they can to hinder the progress of the Chinese people. Thus, we must increase our vigilance, strengthen the unity of the party, instruct the workers in the spirit of socialism, raise them to social consciousness, and put an end to the intrigues of the imperialists and class enemies of China. Only in this manner shall we successfully complete the socialist industrialization of China.

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